

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 23, 2021

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APPLICATION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2021-00205

To increase its fuel factor pursuant to  
§ 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2021-2022 FUEL FACTOR PROCEEDING

On September 14, 2021, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") pursuant to § 56-249.6 of the Code of Virginia ("Code") seeking an increase in its fuel factor. The Company proposes to increase the current factor of 1.999 cents per kilowatt-hour ("¢/kWh") to 2.300¢/kWh, effective for service rendered November 1, 2021, through October 31, 2022 ("Fuel Year").<sup>1</sup>

The Company's proposed fuel factor consists of both an in-period component and a prior-period component.<sup>2</sup> APCo's proposed in-period component is designed to recover its estimated Virginia jurisdictional fuel expenses during the Fuel Year of approximately \$281,296,848, which includes non-incremental costs associated with APCo's wind contracts; a credit for 75% of projected Off-System Sales margins; PJM Interconnection, L.L.C. ("PJM"), Load Serving Entity transmission losses; PJM congestion charges; 100% of incremental

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<sup>1</sup> Application at 1.

<sup>2</sup> *Id.* at 2.

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transmission line loss margins; and Financial Transmission Right revenues.<sup>3</sup> The Company proposes an in-period factor component of 2.021¢/kWh.<sup>4</sup>

The prior-period component is a true-up component designed to recover from customers over the Fuel Year an estimated under-recovered deferred fuel balance as of October 31, 2021.<sup>5</sup> The Company states that it divided the projected deferred fuel cost balance by the projected Virginia jurisdictional energy sales for the Fuel Year to obtain the prior period under-recovery component of 0.279¢/kWh.<sup>6</sup>

The Company represents that the combined impact of the Company's proposed fuel factor over the Fuel Year is an annual revenue increase of approximately \$42 million.<sup>7</sup> APCo maintains that this proposal would increase the monthly bill of a residential customer using 1,000 kWh of electricity by \$3.01, from \$117.31 to \$120.32.<sup>8</sup>

Finally, in conjunction with the filing of its Application, the Company filed a Motion for Protective Ruling and a proposed protective ruling that establishes procedures governing the use of confidential information in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; the Company should place its proposed fuel factor into effect on an interim basis for service rendered on and after November 1, 2021; APCo should provide

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<sup>3</sup> Direct Testimony of Eleanor K. Keeton ("Keeton Direct") at 4-5.

<sup>4</sup> *Id.* at 5.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> Application at 1.

<sup>8</sup> Keeton Direct at 7.

public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or to participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon.

We also find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion for Protective Ruling and filing a final report containing the Hearing Examiner's findings and recommendations.

The Commission further takes judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding.<sup>9</sup> Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings, unless they contain confidential information, and require electronic service on parties to this proceeding.

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<sup>9</sup> See, e.g., *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case Nos. CLK-2020-00004 and CLK-2020-00005, Doc. Con. Cen. No. 200520101, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

We note that the Company's proposed fuel factor will increase customer bills on an interim basis subject to a determination in this proceeding. We realize that the ongoing COVID-19 public health issues have caused devastating economic effects that impact utility customers. We have responded to this economic emergency by, among other actions, directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnection. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2021-00205.

(2) The Company's proposed fuel factor of 2.300¢/kWh shall be placed into effect for service rendered on and after November 1, 2021, on an interim basis and subject to modification by further order of the Commission.

(3) All pleadings in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").<sup>10</sup> Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any

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<sup>10</sup> 5 VAC 5-20-10 *et seq.*

pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.<sup>11</sup>

(4) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(5) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

(6) The Commission hereby schedules a telephonic hearing for the receipt of testimony from public witnesses on the Company's Application, as follows:

- (a) A hearing for the receipt of testimony from public witnesses on the Company's Application shall be convened telephonically at 10 a.m. on February 2, 2022, with no public witness present in the Commission's courtroom.<sup>12</sup>
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before January 28, 2022, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission

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<sup>11</sup> As noted in the Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may be subject to delayed processing due to the COVID-19 public health issues.

<sup>12</sup> The Commission will convene counsel of record in this proceeding to attend the public witness hearing virtually.

in three ways: (i) by filling out a form on the Commission's website at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting); (ii) by completing and emailing the PDF version of this form to [SCCInfo@scc.virginia.gov](mailto:SCCInfo@scc.virginia.gov); or (iii) by calling (804) 371-9141.

(d) Beginning at 10 a.m. on February 2, 2022, the Commission will telephone sequentially each person who has signed up to testify as provided above.

(e) This public witness hearing will be webcast at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting).

(7) A public evidentiary hearing on the Application shall be convened at 10 a.m. on February 3, 2022, either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, to receive testimony and evidence offered by the Company, respondents, and the Staff on the Application. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

(8) An electronic copy of the Application also may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or [njcoates@aep.com](mailto:njcoates@aep.com). Interested persons also may download unofficial copies from the Commission's website: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

(9) On or before October 19, 2021, APCo shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF AN  
APPLICATION BY APPALACHIAN POWER COMPANY  
TO INCREASE ITS FUEL FACTOR PURSUANT TO  
§ 56-249.6 OF THE CODE OF VIRGINIA  
CASE NO. PUR-2021-00205

On September 14, 2021, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") pursuant to § 56 249.6 of the Code of Virginia ("Code") seeking an increase in its fuel factor. The Company proposes to increase the current factor of 1.999 cents per kilowatt hour ("¢/kWh") to 2.300¢/kWh, effective for service rendered November 1, 2021, through October 31, 2022 ("Fuel Year").

The Company's proposed fuel factor consists of both an in-period component and a prior period component. APCo's proposed in-period component is designed to recover its estimated Virginia jurisdictional fuel expenses during the Fuel Year of approximately \$281,296,848, which includes non-incremental costs associated with APCo's wind contracts; a credit for 75% of projected Off System Sales margins; PJM Interconnection, L.L.C. ("PJM"), Load Serving Entity transmission losses; PJM congestion charges; 100% of incremental transmission line loss margins; and Financial Transmission Right revenues. The Company proposes an in-period factor component of 2.021¢/kWh.

The prior-period component is a true-up component designed to recover from customers over the Fuel Year an estimated under-recovered deferred fuel balance as of October 31, 2021. The Company states that it divided the projected deferred fuel cost balance by the projected Virginia jurisdictional energy sales for the Fuel Year to obtain the prior period under-recovery component of 0.279¢/kWh.

The Company represents that the combined impact of the Company's proposed fuel factor over the Fuel Year is an annual revenue increase of approximately \$42 million. APCo maintains that this proposal would increase the monthly bill of a residential customer using 1,000 kWh of electricity by \$3.01, from \$117.31 to \$120.32.

The Commission entered an Order Establishing 2021-2022 Fuel Factor Proceeding ("Order") that, among other things, scheduled public hearings on APCo's Application. On February 2, 2022, at 10 a.m., a Hearing Examiner appointed by the Commission

will hold a telephonic hearing for the purpose of receiving the testimony of public witnesses, with no public witness present in the Commission's courtroom. On or before January 28, 2022, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting); (ii) by completing and emailing the PDF version of this form to [SCCInfo@scc.virginia.gov](mailto:SCCInfo@scc.virginia.gov); or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting).

On February 3, 2022, at 10 a.m., either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, a Hearing Examiner appointed by the Commission will convene a hearing to receive testimony and evidence offered by the Company, any respondents, and the Commission's Staff on the Company's Application. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

In its Order, the Commission allowed the Company to place its proposed fuel factor of 2.300¢/kWh into effect on an interim basis for service rendered on and after November 1, 2021.

The Commission has taken judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice. Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the



Commission's Order for further instructions concerning Confidential or Extraordinarily Sensitive Information.

An electronic copy of the Company's Application may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or [njcoates@aep.com](mailto:njcoates@aep.com).

On or before January 27, 2022, any interested person may file comments on the Application by following the instructions on the Commission's website:

[scc.virginia.gov/casecomments/Submit-Public-Comments](http://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2021-00205.

On or before November 15, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel, if available. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2021-00205.

On or before December 3, 2021, each respondent may file with the Clerk of the Commission any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Commission's Staff, the

Company, and all other respondents simultaneous with its filing. In all filings, respondents shall comply with the Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2021-00205.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice.

The Company's Application, the Commission's Rules of Practice and the Commission's Order may be viewed at: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

#### APPALACHIAN POWER COMPANY

(10) The Company shall serve each official listed in 20 VAC 5-204-10 J 1 as provided by 20 VAC 5-204-10 J 2.

(11) On or before November 16, 2021, the Company shall provide proof of the notice and service required by Ordering Paragraphs (9) and (10), including the name, title, and address of each official served, with the Clerk of the Commission at [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/).

(12) On or before January 27, 2022, any interested person may submit written comments on the Application by following the instructions found on the Commission's website: [scc.virginia.gov/casecomments/Submit-Public-Comments](http://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2021-00205.

(13) On or before November 15, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to file a notice of participation

electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (12). Such notice of participation shall include the email addresses of such parties or their counsel, if available. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2021-00205.

(14) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve a copy of the public version of its Application on the respondent.

(15) On or before December 3, 2021, each respondent may file with the Clerk of the Commission, at the address in Ordering Paragraph (12) or at [scc.virginia.gov/clk/efiling](https://scc.virginia.gov/clk/efiling), any testimony and exhibits by which the respondent expects to establish its case. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Commission's Staff, the Company, and all other respondents simultaneous with its filing. In all filings, respondents shall comply with the Rules of Practice, as modified herein, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2021-00205.

(16) On or before December 17, 2021, the Staff shall investigate the Application and file with the Clerk of the Commission its testimony and exhibits concerning the Application, and each

Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.

(17) On or before January 11, 2022, APCo shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy of its rebuttal testimony and exhibits on the Staff and all respondents.

(18) Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified herein, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice.

(19) The Commission's Rules of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>13</sup> Except as modified herein, discovery shall be in accordance with Part IV of the Rules of Practice, 5 VAC 5-20-240 *et seq.*

(20) This matter is continued.

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<sup>13</sup> The assigned Staff attorney is identified on the Commission's website, [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information), by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2021-00205, in the appropriate box.

A COPY hereof shall be sent electronically by the Clerk of the Commission to: Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, [njcoates@aep.com](mailto:njcoates@aep.com); James R. Bacha, Esquire, American Electric Power Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215, [jrbacha@aep.com](mailto:jrbacha@aep.com); and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 North 9th Street, 8th Floor, Richmond, Virginia 23219, [MBrowder@oag.state.va.us](mailto:MBrowder@oag.state.va.us).